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Computers: 4

22 September 1970

MEMORANDUM FOR: Executive Director, NPIC

SUBJECT : Recommendation Regarding Phase II -
Chip Implementation Study Program

1. We are at a decision point regarding the Chip Implementation Study Program - specifically whether or not to continue with Phase II, which would provide an implementation plan for one of the alternatives selected from Phase I. I recommend that we terminate the contract now without proceeding to Phase II. This, I understand, is legal (and will save us approximately \$25K); it is also logical.

2. My recommendation is based on the following considerations:

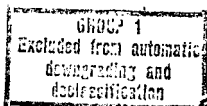
a. Under any of the feasible alternatives of Phase I, the dollar investment to produce chips at NPIC is far greater than any of the dollar savings that such an investment is predicted to provide for NPIC (e.g., total 5-year costs of

b. Even if we choose to disregard the investment costs, the predicted PI manhours to be saved are, when distributed over time and among the PI contingent we have, of insufficient magnitude to justify a decision to implement production of chips at NPIC.

c. In a decision concerning film format, particularly when we are faced with a new imagery system about which there is much to learn, the preference of the PI's should be given considerable weight. That preference, as stated on a number of occasions, has been for DP rolls packaged in reasonably small segments, rather than chips.

d. The contractor has provided sufficient detail in Phase I to allow the development of an implementation plan by in-house personnel, should conditions change and a decision be made to implement a chip producing system at NPIC.

Declass Review by
NIMA/DOD



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e. The contractor has now proposed to NRO to undertake a year long study of film format, distribution, etc. at the community level. This situation argues against the expenditure by NPIC of additional funds on an internal production system until the results of that study are known, particularly if it is decided to produce chips at the processing site.

3. I consider the investment to date to have been worthwhile; though I have some disagreement with parts of the analysis presented in Phase I, overall it has provided a comprehensive collection of data against which to interpret the chip problem and against which to judge future proposals regarding the introduction of chips.



Chief, Planning, Programming & Budgeting Staff
NPIC

Distribution:

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CENTER ROUTING SLIP

FROM		DATE	
Chief, PPBS		22-09	
TO	INITIALS	DATE	REMARKS
DIRECTOR			John, This afternoon I met w/ [redacted] [redacted] et al to review TSG's briefing scheduled for presentation to you on Friday and to offer, along with the other Group/Staff chiefs, comments and recommendations concerning the project. The attached memo reflects the position expressed by me at that meeting. A.
DEP/DIRECTOR			
EXEC/DIRECTOR	22-09-23		
SPECIAL ASST	1		
ASST TO DIR			
HISTORIAN			
CH/PPBS			
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